

CHAPTER 1.0 - INTRODUCTION

1.1 Use

The use of this pamphlet is for rate determination on construction contracts, dredging contracts, and negotiated procurements and relates only to contractor-owned equipment. The overall intent of the pamphlet is to determine equipment costs that are fair and reasonable.

a. This pamphlet shall be used for determining hourly equipment rates that are contained in the independent government estimate.

b. In addition, the use of this pamphlet will be required by contractors for pricing contractor-owned equipment in negotiated procurements when:

(1) Cost or pricing data is not required, as defined in Federal Acquisition Regulation (FAR) Part 15.400, *Contract Pricing*.

(2) Cost or pricing data is required and the actual cost data to support either ownership or operating costs for equipment or equipment groups of similar model and series is not available.

(3) Cost or pricing data is required and available, but all or part of the data is determined not to be in accordance with the FAR cost principles.

1.2 Decision Flow Process

A flow chart (figure 1-1) is provided at the end of this chapter to help the user better understand the process for developing an hourly equipment rate. The flow chart shows the decision points that allow the user to decide whether to use the predetermined rate tables or calculate the rate using the method shown in figure 2-1 or using CHECKRATE (also see paragraph 3.4).

1.3 How to Obtain Assistance

When assistance is needed in understanding the methodology for calculating equipment rates, contact the Chief, Cost Engineering Branch, Engineering and Construction Division, Walla Walla District, U.S. Army Corps of Engineers, (CENWW-EC-X), 509-527-7511, 509-527-7510, or visit the Web Site at <http://www.nww.usace.army.mil/cost/>.

1.4 How to Obtain CHECKRATE Spreadsheet

A Microsoft Excel® spreadsheet, named "CHECKRATE," has been developed to calculate equipment rates using the methodology required by this pamphlet. The user must have Microsoft Excel® to run the application. The factors needed in the hourly cost calculations are located in the appendixes of this pamphlet. A copy of the

spreadsheet may be obtained by choosing the CHECKRATE link on the following Web Site: <http://www.nwww.usace.army.mil/cost/>.

1.5 How to Obtain this Publication

Volumes 1-12 of this pamphlet are available in portable document format (PDF) and can be viewed or downloaded at <http://www.usace.army.mil/inet/usace-docs/eng-pamphlets/cecw.htm>. Copies of the pamphlet are also available on CD-ROM (Volumes 1-12) through the Superintendent of Documents or government bookstores (see appendix A). For additional information, telephone 202-512-1800, fax 202-512-2104, toll-free 866-512-1800, or access on the Internet at <http://bookstore.gpo.gov/>.

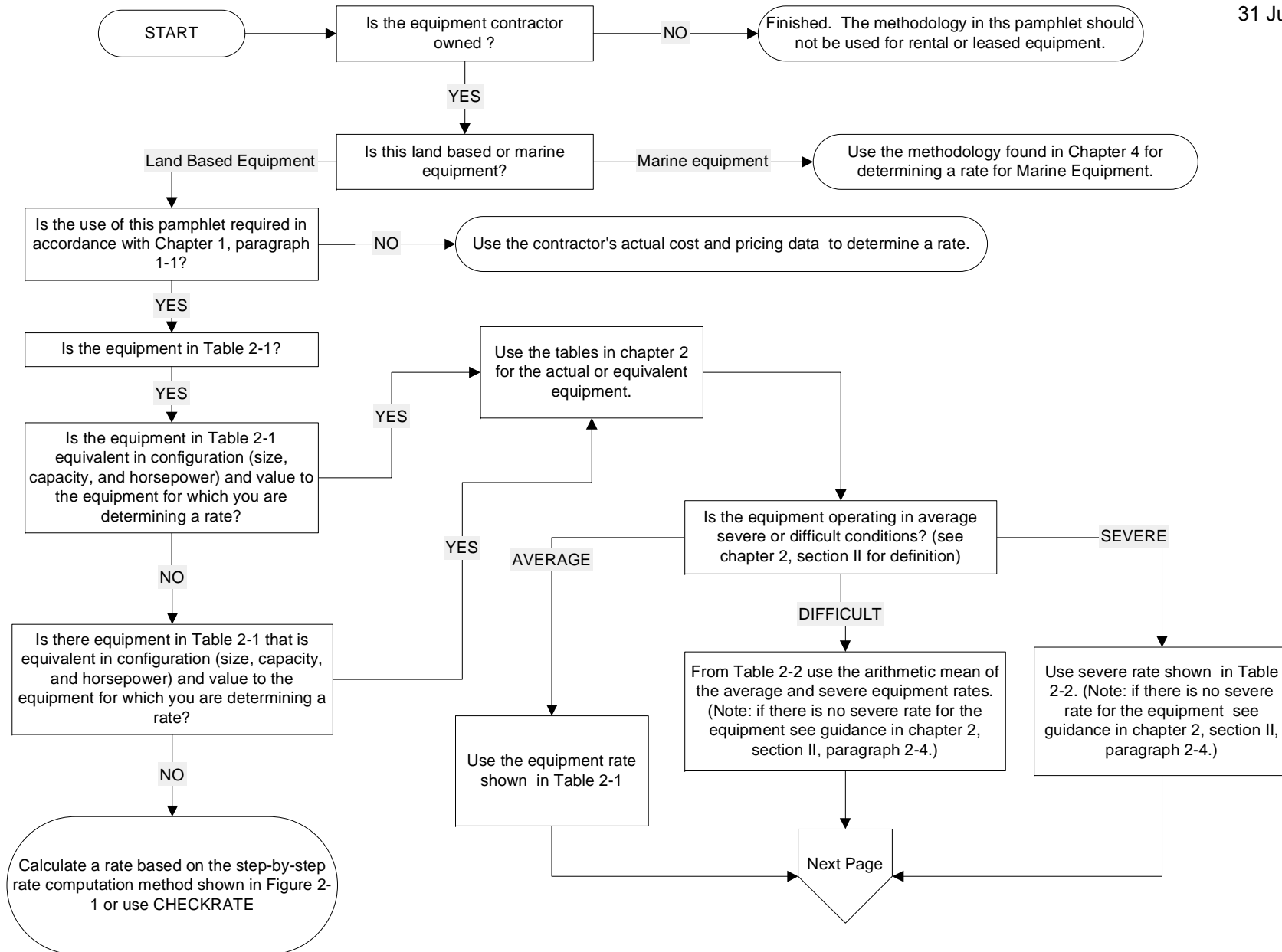


Figure 1-1. Methodology for Developing an Hourly Ownership and Operating Rate for Construction Equipment

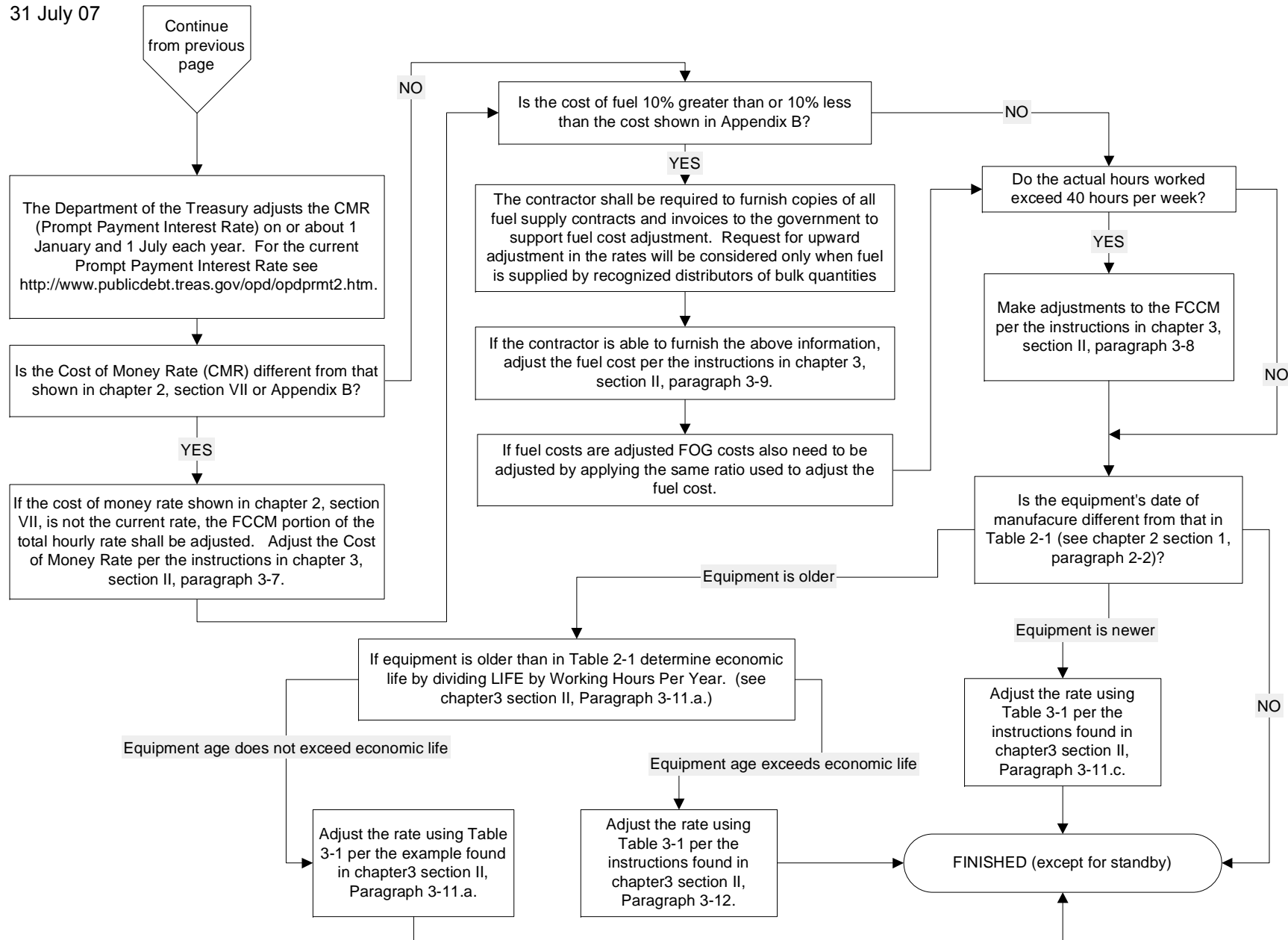


Figure 1-1. Methodology for Developing an Hourly Ownership and Operating Rate for Construction Equipment (Continued)